Seturion AG Participant Audit - Guidelines to the Audit Report Template

These guidelines are intended to assist trading participants resp. the appointed audit firms or the internal auditors in conducting the ordinary participant audit and completing the SeturionX Audit Report template.[1]

1. Mandate

In the first section, 'Mandate', the audit firm should briefly describe its mandate, define the audit period, and have the responsible auditor(s) sign. The exact wording can be chosen by the audit firm itself.

2. Findings

In this section, the audit firm should provide the following information:

2.1. Introduction

Here the audit firm can provide an introduction to the audit report.

2.2. Notices of reservation

Notices of reservation from the reporting year and the previous audit period (if any and not yet satisfactorily resolved), including the implementation period, should be mentioned here. If there were no notices of reservation, this should also be noted here. The resolution of notices of reservation from the previous year(s) should also be mentioned in this section.

2.3. Findings / Summary / Recommendations

Further findings or observations that did not lead to any notices of reservation can be listed here.

3. Auditor's statements (by examination point)

In this section, the audit firm should specifically address the respective examination points and indicate **a)** which audit depth[2] was selected. For each examination point, in section 'Details' it should be explained, **b)** how the participant monitors and meets its requirements, **c)** which auditing activity was conducted, what was observed by the audit firm and what notices of reservation/recommendations were made. At the end **d)** as per the section header a 'Conclusion' should be provided.

1 If the internal audit function is to be appointed with the audit, a formal written request must be submitted and approved as described in Section 10.6 of the Seturion AG Participant Rules.

2 See also Art. 10 para. 2 & 3 FINMA Regulatory Auditing Ordinance.

Examination points:

3.1. Compliance with market conduct rules

Art. 143 FMIA, FINMA RS 2013/8.

3.2. Trader access to the BX exchange system

Section 9.4 SeturionX Participant Rules.

3.3. Substitution / representation of registered traders

Section 9.4 SeturionX Participant Rules.

3.4. Transaction Reporting

Art. 39 FMIA, Art. 37 FMIO, FINMA Circular 2018/2, SeturionX Rules of the Reporting Office.

3.5. Trade Reporting

Art. 38 FMIA, Art. 39 FMIA, Art. 37 FMIO, FINMA Circular 2018/2, SeturionX Rules of the Reporting Office.

3.6. Time of execution

SeturionX Rules of the Reporting Office.

3.7. Designation of orders & trades

Section 15.6 SeturionX Trading Rules.

4. Further audit procedures and/or additional information

In this section, the Audit Firm may, under

4.1. Further audit activities

Report on institution-specific audit procedures (if required by SeturionX).

4.2. Additional information

Report or mention anything else deemed potentially relevant.

5. Deadline for submission

The audit report must be submitted to the Trading Surveillance Office of SeturionX by 31 March of the year following the year under examination.

6. Further information

Further information can be found under Section 10 ‘Audit’ of the SeturionX Participant Rules.